

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 COME-00 EB-08 INR-07  
LAB-04 NSAE-00 SIL-01 DODE-00 PA-01 USIA-06  
PRS-01 SP-02 TRSE-00 EURE-00 /056 W  
-----119328 051954Z /73

P R 051703Z AUG 77

FM AMEMBASSY MADRID  
TO SECSTATE WASHDC PRIORITY 1294

INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY THE HAGUE  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
USMISSION NATO  
USMISSION GENEVA

C O N F I D E N T I A L MADRID 5883

USEEC, ALSO FOR EMBASSY

OECD, ALSO FOR EMBASSY

E.O. 11652: GDS  
TAGS: ELAB, SP  
SUBJECT: SPANISH TRADE UNIONS MEET WITH PRIME MINISTER

REF: MADRID 5855

1. FOLLOWING HIS AUGUST 3 MEETING WITH THE EMPLOYERS (REFTEL),  
PRIME MINISTER SUAREZ MET SEPARATELY ON AUGUST 4 WITH THE  
CHRISTIAN SOCIALIST USO (SECGEN ZUFIAUR, ZAGUIRRE AND SOLANO),  
THE SOCIALIST UGT (SECGEN REDONDO, SAAVEDRA, AND CHAVES),  
AND THE COMMUNIST-DOMINATED SWC/WORKERS' COMMISSIONS

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(SARTORIUS, ARIZA, ELVIRA, AND SABORIDO). THE MEETINGS  
RECEIVED FRONT-PAGE COVERAGE AND WERE CHARACTERIZED BY ALL  
THREE LABOR DELEGATIONS AS POSITIVE IN TONE. THE UNIONS  
ALSO EMPHASIZED THAT (A) IT WAS AN OCCASION FOR EXCHANGING  
VIEWS AND NOT A NEGOTIATING SESSION, AND (B) THEY  
CONTINUED TO REJECT THE IDEA OF ANY "SOCIAL PACT" AS SUCH.  
THE MAIN TOPICS RELATED TO THE GOVT'S ECONOMIC PROGRAM, THE

PATRIMONY ISSUE, TRADE UNION ACTIVITIES, COLLECTIVE  
BARGAINING AND THE COMING PLANT ELECTIONS.

2. SUAREZ PROPOSED THE CREATION OF A TECHNICAL "JOINT  
COMMISSION" OF GOVT AND UNION EXPERTS - TO BE PRESIDED OVER  
BY A SECRETARY OF STATE (POSSIBLY JOSE RAMON ALVAREZ  
RENDUELES, SECRETARY OF STATE FOR COORDINATION AND PROGRAM  
DIRECTION, MINISTRY OF ECONOMY) - FOR THE PURPOSE OF  
PROVIDING GUIDANCE ON THE SOCIO-ECONOMIC SITUATION. THE  
SWC IMMEDIATELY DECLARED THAT ANY SUCH JOINT COMMISSION SHOULD  
BE TRIPARTITE IN NATURE (LABOR, EMPLOYERS, AND GOVERNMENT).  
THE UGT'S REDONDO, ANXIOUS TO AVOID ANY SEMBLANCE OF  
"UNITY OF ACTION" ON THE LABOR SIDE, FAVERED BILATERAL  
CONVERSATIONS BETWEEN EXPERTS OF THE GOVT AND OF EACH OF  
THE TRADE UNIONS.

3. UGT INTERNATIONAL SECRETARY MANUEL SIMON COMMENTED AS  
FOLLOWS AUGUST 5 TO VISITING IRVING BROWN (AFL-CIO) AND  
LABATT. THE MEETING HAD BEEN USEFUL AND THE ATMOSPHERE GOOD,  
ALTHOUGH THE PRIME MINISTER HAD NOT TOLD THEM ANYTHING  
NEW REGARDING THE GOVT'S ECONOMIC PROGRAM. AMONG OTHER  
THINGS, THE UGT HAD POINTED OUT THAT THE GOVT'S PROPOSED  
ACROSS THE BOARD LINEAL WAGE INCREASE (AMOUNTING TO ROUGHLY  
12 TO 15 PERCENT) WOULD RESULT IN AN UNACCEPTABLE LOSS  
OF PURCHASING POWER FOR THE WORKERS WHEN ONE LOOKED AT A  
PROJECTED RATE OF INFLATION OF 25 TO 30 PERCENT. WITH  
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RESPECT TO THE PROPOSED JOINT COMMISSION, THE UGT DID  
NOT INTEND TO SIT DOWN AT THE SAME TABLE WITH THE SWC  
AND USO IN WHAT WOULD AMOUNT TO A UNITED FRONT SITUATION.  
THEY HAD NO OBJECTIONS TO HAVING EMPLOYERS INCLUDED IN  
ANY CONVERSATIONS, AND SIMON NOTED THAT THEY THOUGHT  
HIGHLY OF THE CEOE'S (SPANISH CONFEDERATION OF EMPLOYER  
ORGANIZATIONS) RODRIGUEZ SAHAGUN (REFTEL).

4. SIMON SAID THAT REDONDO HAD TAKEN THE OPPORTUNITY  
OF BRACING SUAREZ ON THE MATTER OF GOS STALLING TACTICS  
WITH RESPECT TO THE GUARANTY OF THE DGB DM 10 MILLION LOAN  
(MADRID 5816). SUAREZ HAD AIRILY ASSURED REDONDO THAT  
"THE MATTER IS SETTLED" AND HE WOULD INSTRUCT VICE  
PRESIDENT FUENTES QUINTANA FORTHWITH TO HAVE THE BANCO  
DE ESPANA ISSUE THE GUARANTY (THROUGH THE BANCO RURAL Y  
MEDITERRANEO). SIMON REMARKED THAT AFTER MONTHS OF  
DELAY, THE UGT WOULD BELIEVE IT WHEN THEY HAD THE MONEY  
IN HAND.

5. WHEN REDONDO HAD QUESTIONED SUAREZ REGARDING  
RECENT RUMORS THAT HIS UCD PARTY INTENDED TO ORGANIZE  
A TRADE UNION, THE PRIME MINISTER SAID THAT THE FIRST

HE HAD HEARD OF THAT WAS FROM THE PRESS. (COMMENT: CONGRESS  
PRESIDENT ALVAREZ DE MIRANDA TOLD THE AMBASSADOR AUGUST  
4 THAT HE BELIEVED IT WOULD BE A MISTAKE TO ATTEMPT TO  
FORM A UCD-LINKED TRADE UNION WHICH WOULD BE OPEN TO  
OBVIOUS CHARGES OF BEING A GOVT INSTRUMENT OR A  
YELLOW UNION.)

6. IN A FINAL COMMENT ON THE SUAREZ-LABOR TALKS, A HIGH  
LABOR MINISTRY OFFICIAL TOLD LABATT AUGUST 5 THAT ALTHOUGH  
TRADE UNION REACTION TO THE SUAREZ PRESENTATION "HAD NOT  
BEEN BAD", THIS WAS A TIME OF SOCIAL TENSION AND THE UNIONS  
WERE PLAYING THEIR CARDS CLOSE TO THE VEST. STABLER

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## Message Attributes

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**TAGS:** ELAB, SP, (SUAREZ GONZALEZ, ADOLFO)  
**To:** STATE  
**Type:** TE  
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